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Montana Employer's Guide to New Hire Reporting

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"For our children's sake"

The law provides:

- Flexible reporting for employers
- More financial support for children
- Savings for taxpayers

Montana Department of
REVENUE

Montana New Hire Reporting Program
Post Office Box 8013
Helena, MT 59607-8013

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Dear Employer:

Recently, legislation was passed on both a national and state-wide level which requires all employers to report the hiring of new employees. The New Hire Reporting Program allows employers to assist in the state's efforts to locate non-custodial parents using one of several convenient reporting methods. Child support staff then use the information to collect child support and reduce public assistance costs.

By joining forces, employers and the New Hire Reporting Program can work together to reduce the burden on our state's taxpayers and provide a better life for our state's children.

The New Hire Reporting Program can reduce from months to days the time it takes to locate the income source for someone who has moved to a new job.

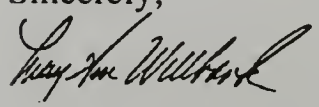
In addition, timely child support payments to families who are not receiving public assistance can prevent dependence on welfare programs in the future.

Included in this brochure is a list of responses to frequently asked questions about New Hire Reporting, reporting options and critical time frames. Please read and review this guide as your part in the child support enforcement process is crucial.

New Hire Reporting staff are available by telephone to answer any further questions you may have.

Thank you for your support in making this program a success.

Sincerely,



Mary Ann Wellbank
Administrator, Child Support Enforcement Division
Montana Department of Public Health and Human Services

MONTANA
Department of Public Health & Human Services

Working together
for the children of Montana

General

This guide will provide you and your firm with all the information and form to comply with Montana's New Hire Reporting Law. This law requires every Montana employer to report a minimal amount of information on each new employee hired or rehired on or after October 1, 1997. **Each employer will receive one original preprinted New Hire Reporting form with this New Hire Reporting brochure to make copies as needed.**

Effective Date

October 1, 1997 - every employee hired, rehired or returning to work after a separation on or after that date must be reported by the employer to the New Hire Reporting Program.

What is required to be reported?

The information required to be reported applies only to employees hired or rehired **on or after** October 1, 1997. You **do not** need to file any information relating to employees hired before October 1st. Include:

Employer:	*Name*	Employee:	*Name*
	Address		*Address*
	Federal Employer		*Social Security #*
	Identification Number		*Date of Hire*

Optional Information

Although this information isn't required, initial reporting may save the need for another contact by the New Hire Reporting Program.

Employee: home phone number; date of birth

Employer: work phone number; fax number; state of hire; health insurance availability

When are reports due?

Reports must be submitted within 20 days of the date the employee is hired or rehired. *If you will be filing your new hire reports by electronic media (see pages 11-13) using the "Format for Electronic Reporting", reports must be submitted not less than 12 nor more than 16 days apart.*

Reporting Options

Telephone - Call the New Hire Reporting Program toll-free at 1-888-866-0327. For the Helena area, and outside Montana, employers may call 1-406-444-9290. Phones will be staffed between the hours of 8:00 am and 5:00 pm Monday through Friday except for state holidays. You may call after hours and simply record your information.

Fax - You may fax a New Hire Report on a photocopy of the form provided or fax a copy of the employee's W-4 form by dialing 1-888-272-1990. For the Helena area, and outside Montana, employers can fax

to 1-406-444-0745. You will need to photocopy, as needed, the original preprinted New Hire Reporting form provided in this mailing.

Electronic Media - Employers may submit reports on: (1) diskette, (2) magnetic tape or (3) modem using the format outlined in the section entitled "Format for Electronic Report" on pages 11-13. Employers who wish to submit forms by electronic medium should contact the New Hire Reporting Program for certification before submission.

Internet - Employers may e-mail new hire reports via the Internet.
E-mail: rknudson@mt.gov
URL: http://www.mt.gov/revenue/rev.htm

Hard Copy - Employers may mail copies of the enclosed fax sheet, W-4 form or any other reporting form so long as it clearly delineates the requested information to:

Montana New Hire Reporting Program
P.O. Box 8013
Helena, MT 59607-8013

Regardless of the format used, please make certain that all of the required information is included. Required W-4 information appears above as well as in bold on the enclosed form. For employees with no Social Security number, reports should be held by the employer until the number is obtained. Incomplete reports will be returned to the employer for correction.

Acronyms:

CSE	Child Support Enforcement
CSED	Child Support Enforcement Division (state)
DHHS	Department of Health and Human Services (federal)
DPHHS	Department of Public Health and Human Services (state)
EDI	Electronic Data Interchange
FEIN	Federal Employer Identification Number
NDNH	National Directory of New Hires
NHR	New Hire Reporting
OCSE	Office of Child Support Enforcement (federal)
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
SDNH	State Directory of New Hires
UIC	Unemployment Claimant

Last Name

First Name M.I.

Mailing Address

City, State, Zip , , –

Foreign Country, Zip ,

Home Address
(If different from above)

City, State, Zip , , –

Foreign Country, Zip ,

Optional Information:

Home Phone – –

Work Phone – – Ext.

Date of Birth / / State of Hire

Health Ins. Available? Yes No Date Health Ins. Available / /

For optimum accuracy, please print in capital letters. Please print only one character per box. Please print inside the box with no part of a character touching the box itself.

34901

New Hire Reporting Form

Employer Section

Federal ID No. ☐☐ - ☐☐☐☐☐☐☐ State ID No. ☐☐☐☐☐☐

Business Name ☐☐☐☐☐☐☐

New Hire Reporting

Answers To Your Questions

Recently, the federal government enacted welfare reform legislation called the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), requiring all employers to report certain information on their newly-hired employees to the State New Hire Reporting (NHR) Program.

Beginning October 1, 1997, all Montana employers must report all employees hired or rehired on or after October 1, 1997. The following are answers to questions that are intended to help employers understand and comply with NHR laws passed by the Montana Legislature.

General Issues

What is New Hire Reporting?

NHR is a process by which you, as an employer, report information on newly hired employees to the state NHR Program within 20 days after the date of hire. As an employer, you will play a key role in this important program by reporting all of your newly-hired employees within 20 days of the employee's date of hire or rehire.

What will be done with the New Hire Reporting information?

The information is confidential and may only be shared on a limited basis with other agencies. Montana NHR Program will match new hire information against the Montana Department of Public Health and Human Services (DPHHS), Child Support Enforcement Division (CSED) case records to locate parents, establish an order, or enforce an existing order. Once these matches are completed, Montana will transmit the NHR information to the National Directory of New Hires (NDNH).

State agencies operating Employment Security and Workers' Compensation programs may also have access to Montana's NHR information to detect and prevent erroneous or fraudulent benefit payments. In addition, Montana can conduct matches between the NHR database and the public assistance and Medicaid agencies for the purpose of determining eligibility, continued eligibility, or fraud.

Why have a National Directory of New Hires?

It is estimated that over 30 percent of child support cases involve parents who do not live in the same state as their children. By matching this NHR data with child support participant information at the national level, the federal Office of Child Support Enforcement (OCSE) will be able to assist states in locating parents who are living in other states. Upon receipt of NHR information, CSED will be able to take the necessary steps to establish paternity, or child support orders or to enforce existing orders.

What is the expected outcome of this New Hire Reporting Program?

The federal Department of Health and Human Services (DHHS) has estimated that a NHR Program will increase national child support collections by $6.4 billion over the next ten years.

Prior to the passage of PRWORA, 26 states already had NHR. These programs resulted in significant increases in child support collections, reductions in welfare payments, and millions of dollars saved in Medicaid, food stamps and unemployment insurance claims.

Why was New Hire Reporting part of the welfare reform legislation?

A major focus of PRWORA is parents sharing the responsibility of supporting their children. It contains strict work requirements for custodial parents receiving public assistance and increases the effectiveness of CSE programs by including the development of NHR Programs in each state.

Won't this reporting process be a burden to employers?

The majority of the information you will be submitting is already being collected when a new employee completes a W-4 form. Although the reporting process is an additional requirement, the majority of employers currently participating in state-established programs report either "no" or "minor" cost impacts to their operations. To ease the process, Montana is working on offering employers a variety of reporting methods, some of which are: 1-800 number to report new hires; 1-800 facsimile; Electronic Data Interchange (EDI); preprinted scanable Montana NHR form; magnetic tape media; 1st class mailing or any other paper form submitted by an employer.

Isn't this information available through quarterly wage reporting?

Quarterly data is often out of date before the CSED receives the information. There can be as much as a six month lag between the time when the data is submitted and when it is available to Montana's CSED. Montana NHR data will be available within 20 days of the date of hire, which is a significantly shorter time period. Because the data will be more current, non-custodial parents can be located more quickly, allowing child support orders to be established and/or enforced more quickly.

How will New Hire Reporting benefit employers?

A direct benefit to employers is the reduction and prevention of fraudulent unemployment and workers' compensation payments. Timely receipt of NHR data allows Montana and other states to cross-match this data against their active unemployment claimant (**UIC**) files-either stopping payments or recovering erroneous or fraudulent payments. For example, although only 20 percent of the state of Tennessee's employers are currently required to report, the state has saved over $11.4 million in UIC benefits since 1981. With 100 percent of employers reporting, as required by PRWORA, Tennessee and every state should save significantly more in the future.

Definitions

What is the definition of "employer" for New Hire Reporting purposes?

Federal legislation states that an "employer" for NHR purposes is the same as for federal income tax purposes (as defined by Section 3401(d) of the Internal Revenue Code of 1986) and includes any governmental entity or labor organization. At a minimum, in any case where an employer is required to give an individual a W-2 form, the employer must meet the NHR requirements.

What is the "date of hire" considered to be?

The "date of hire" is considered to be the first day services are performed for wages by an individual.

If I lay off and then re-hire an employee, or an employee returns after a leave of absence, do I need to send in another NHR?

If the employee returning to work is required to complete a new W-4 form, the employer must report the individual as a New Hire to the State Directory of New Hires (SDNH). If, however, the returning employee had not been formally terminated or removed from payroll records, there is no need to report that individual as a New Hire.

Do I need to submit a New Hire Report for independent contractors and subcontractors performing services for me?

You must first make the determination of whether or not an employer/ employee relationship exists. If the work being performed is based on a contract rather than an employer/employee relationship, you are not required to report. In such a circumstance, the contractor is responsible for reporting his/her employees.

As a temporary employment agency, must we report as a New Hire each individual placed by our agency?

If your agency is paying wages to the individual, you must submit a NHR. The individual needs to be reported only once, except when there is a break in service from your agency and a new W-4 form is required.

If your agency simply refers individuals for employment and does not pay salaries, NHR is not necessary. However, the employer who actually hires and pays the individual, whether on a part-time or full-time basis, will be required to report the New Hire information.

Are labor organizations and hiring halls required to report members under the New Hire Reporting Program?

Labor organizations and hiring halls must report their own employees, that is, individuals who work directly for the labor organization or hiring hall. As with a temporary employment agency, if the labor organization or hiring hall simply refers individuals for employment, a NHR does not need to be filed.

Administrative

When are states required to establish their New Hire Reporting Programs?

By October 1, 1997, all states are required to establish NHR Programs. Currently, 26 states have some form of NHR and these states have until October 1, 1998 to make all aspects of their program conform with the minimum federal requirements of PRWORA.

How soon must I submit a report after hiring someone?

Both federal and Montana laws mandate that New Hires be reported within 20 days of the date of hire.

What form do I use to send in my New Hire Reports?

Montana has developed an optional NHR form for employers to use. This form will be in addition to the federal W-4 form. The form has preprinted employer information that will only need to be updated by the employer if something has changed (e.g. address correction, Federal Employer Identification Number (FEIN) change). The NHR form has three sections: employer information (preprinted); employee information; and optional employee information. NHR can also be made on the W-4 form or, at your option, an equivalent form developed by you.

What must be reported on each New Hire Report?

Each New Hire Report must contain the following information:

- Employee name
- Employee residential and mailing address
- Employee Social Security number
- Employee date of hire
- Employer name, address and FEIN

Although optional, Montana is requesting the following additional information:

- Employee home phone number
- Is medical insurance available to the employee's dependent children? Y or N
- If medical insurance is available, what date is it available?
- Employee's date of birth
- Employer phone number
- Employer's State ID number
- State of hire

Do I need to do a New Hire Report on a newly hired individual who quits before the New Hire Report is due?

Yes. Because the employer/employee relationship existed and wages were earned, a NHR must be submitted. Even though the employment period was short, the reported information may be the key to locating a non-custodial parent.

Where and how do I send the information?

NHRs will be sent to the State Directory of New Hires. Federal law identifies three methods for submitting New Hire information: 1st class mail, magnetic tapes, or electronically. For employer convenience, states may offer additional options such as fax and Internet transmissions. Montana has established several reporting options (see pages 1 and 2) that employers will be able to use.

Federal employers must report New Hire data directly to the National Directory of New Hires.

Are there different reporting time frames for employers who will submit New Hire Reports electronically? What record layout should I use?

If you are an employer who is sending reports in by modem or magnetically, two monthly transmissions must be made which are not less than 12 nor more than 16 days apart. Please refer to the section entitled Format for Electronic Report on pages 11-13. Employers who wish to submit forms by electronic medium should contact the New Hire Reporting Program for certification before submission.

How will the New Hire data be safeguarded once it is submitted?

Security and privacy of NHR data are important issues for all those involved in the implementation of this nationwide program. Federal law requires all states to establish safeguards for confidential information handled by the state agency. All Montana NHR data will be transmitted over secure and dedicated lines to the NDNH. Federal law also requires that the Secretary of DHHS establish and implement safeguards to protect the integrity and security of information in the NDNH and to restrict access to and use of the information to authorized persons and purposes.

Are there penalties for employers who do not report New Hires?

States were given the option of imposing civil monetary penalties for noncompliance. Montana has no penalties for employers who do not report New Hires. Even though Montana does not have penalties, all employers are encouraged to report all New Hires to the NHR Program within 20 days of the employee's date of hire.

Multistate Employer Issues

I am a multistate employer; do I have to report to each state in which I have employees?

An employer who has employees in two or more states and who transmits reports electronically or magnetically may comply with the section by designating one of the states in which there is an employee and transmit the NHR to that state. See "Format for Electronic Reporting" on pages 11-13. A multistate employer who elects to report to only one state shall give written notice to the Secretary of the federal Department of Health and Human Services (DHHS) of the state to which the employer will transmit NHRs. When submitting written notification to the Secretary of the federal DHHS, the employer should include the following information:

- Federal Employer Identification Number (FEIN)
- Employer's name, address, telephone number related to the FEIN
- State selected for reporting purposes
- Other states in which your company has employees
- Corporate point of contact

Please mail all multistate employer information to:

Department of Health and Human Services
Office of Child Support Enforcement
Multistate Employer Registration
P.O. Box 509
Randallstown, MA 21133

How will states in which I have employees working know that I have selected another state for my New Hire Reporting?

The NDNH will maintain a list of multistate employers and their designated report locations. This list will be made available to all states.

What if I have more questions?

If you have more questions please call the Montana New Hire Reporting Program toll free at 1-888-866-0327. For the Helena area, and outside Montana, employers may call 1-406-444-9290. Phones will be staffed between the hours of 8:00 am and 5:00 pm Monday through Friday except for state holidays.

Thank you

All of us in the child support enforcement community thank you for helping to build the strong partnership that exists today between employers and child support programs across the country. The real beneficiaries are, of course, the millions of children whose lives are made more secure because their parents are paying child support through wage withholding. The NHR Program is essential to this effort and, together with wage withholding, should result in millions of increased support dollars for children. Your cooperation makes a difference in children's lives, and we thank you again for your commitment.

Format for Electronic Reporting

This page presents the submission requirements for those employers who submit forms electronically. It also delineates the minimum required for submission using either hard copy or electronic medium. Note that employers who wish to submit reports electronically (including modem transmission) should contact the New Hire Reporting Program at 1-888-866-0327, for the Helena area, and outside Montana, employers may call 1-406-444-9290 to obtain certification for information about format.

Diskette: Reports submitted on diskette must be in ASCII listing format. In addition, an external label must be affixed to the diskette indicating the employer's name and Federal EIN.

Magnetic 9 Track Tape: Files must conform to the format specifications below. An external label indicating employer's name, address, Federal EIN and State ID number is required. **The internal file must be named W4xxxxxx.V1, with the x's being the employer's State ID number.** Magnetic tapes must be 9 track, 1,600 or 6,250 bpi, IBM, IBM standard label, EBCIDIC. Tapes must contain one header record per physical file.

The 9's in the data format represent character data. All data should be in character format, left justified and blank filled.

The two character state code must adhere to the United States Postal Services acceptable abbreviations for U.S. states and territories *(example: Montana = MT).*

* The Foreign Address and Foreign Postal Code are only required if the employer or employee have foreign addresses.

** The changed Employer Address Flag and Changed Employer Address fields are only required when the employer wants to report a change in address.

*** The Employee Residential Address field requirements are only applicable if the employee has an address different from the mailing address.

	Columns			Data	Required
	Start	End	Length	Format	Entry
Header Record Layout					
Record Type	1	1	1	1=Header Record	Yes
Employer Process Date	2	9	8	YYYYMMDD	Yes
Record Count	10	18	9		Yes
Filler	19	869	850		Yes
Data Record Layout	1	869	869		Yes
Record Type	1	1	1	2=Data Record	Yes

Format for Electronic Reporting Continued

	Columns			Data	Required
	Start	End	Length	Format	Entry
EMPLOYER INFORMATION					
Business Name	2	41	40		Yes
Federal ID Number (FEIN)	42	50	9	999999999	Yes
State ID Number	51	56	6	999999	Yes
Address Line 1	57	96	40		Yes
Address Line 2	97	136	40		No
City	137	161	25		Yes
State	162	163	2		Yes
Zip	164	168	5	99999	Yes
Zip+4	169	172	4	9999	No
Foreign Country Name	173	202	30		*Yes
Foreign Country Postal Code	203	217	15		*Yes
Contact Name	218	257	40		No
Voice Phone Number	258	267	10	9999999999	No
Voice Phone Extension	268	272	5	99999	No
Facsimile Number	273	282	10	9999999999	No
Changed Address Flag	283	283	1	Y or Blank	**Yes
Changed Address Line 1	284	323	40		**Yes
Changed Address Line 2	324	363	40		**No
Changed Address City	364	388	25		**Yes
Changed Address State	389	390	2		**Yes
Changed Address Zip	391	395	5	99999	**Yes
Changed Address Zip+4	396	399	4	9999	**No
Changed Address Foreign Country	400	429	30		*Yes
Changed Address Foreign Postal Code	430	444	15		*Yes

Columns

Format for Electronic Reporting Continued

	Columns			Data	Required
	Start	End	Length	Format	Entry
EMPLOYEE INFORMATION					
Date of Hire	445	452	8	YYYYMMDD	Yes
SSN	453	461	9	999999999	Yes
Last Name	462	481	20		Yes
First Name	482	501	20		Yes
Middle Initial	502	502	1		No
Mailing Address Line 1	503	542	40		Yes
Mailing Address Line 2	543	582	40		No
Mailing Address City	583	607	25		Yes
Mailing Address State	608	609	2		Yes
Mailing Address Zip	610	614	5	99999	Yes
Mailing Address Zip+4	615	618	4	9999	No
Mailing Address Foreign Country	619	648	30		*Yes
Mailing Address Foreign Postal Code	649	663	15		*Yes
Residential Address Line 1	664	703	40		***Yes
Residential Address Line 2	704	743	40		No
Residential Address City	744	768	25		Yes
Residential Address State	769	770	2		Yes
Residential Address Zip	771	775	5	99999	Yes
Residential Address Zip+4	776	779	4	9999	No
Residential Address Foreign Country	780	809	30		*Yes
Residential Address Foreign Postal Code	810	824	15		*Yes
Home Phone Number	825	834	10	9999999999	No
Work Phone Number	835	844	10	999999999	No
Work Phone Extension	845	849	5	99999	No
Date of Birth	850	857	8	YYYYMMDD	No
State of Hire	858	859	2		No
Health Insurance Available Indicator	860	860	1	Y or Blank	No
Health Insurance Available Date	861	869	8	YYYYMMDD	No

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43,000 copies of this public document were published at an estimated cost of 12¢ per copy, for a total cost of $5,160.00, which includes $5,160.00 for printing and $.00 for distribution.